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IMPROVING SOCIAL SECURITY IN CANADA?

A RESPONSE TO THE FEDERAL
DISCUSSION PAPER ON
SOCIAL SECURITY REFORM

Social Planning & Research Council

SPRC
of Hamilton-Wentworth

255 West Avenue North, Hamilton, Ontario L8L 5C8
tel: (905) 522-1148 • fax: (905) 522-9124



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IMPROVING SOCIAL SECURITY IN CANADA?

**A RESPONSE TO THE FEDERAL
DISCUSSION PAPER ON
SOCIAL SECURITY REFORM**

December, 1994

Prepared by:

SPRC Resource Facilitation Team

Barrie Boatman
Colleen Van Berkel
(Resource Facilitation Team Co-Chairpersons)


and

Caroline Ball, Social Planner
(in collaboration with SPRC Staff)

UNIVERSITY OF GUELPH

SOCIAL PLANNING AND RESEARCH COUNCIL OF HAMILTON-WENTWORTH
255 West Avenue North, Hamilton, Ontario L8L 5C8





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PREFACE

In the fall of 1994, the Social Planning and Research Council of Hamilton-Wentworth (SPRC) received the Federal Government's Discussion Paper on Social Security Reform in Canada. Believing that this document would have dramatic impact on the social security system in this country, SPRC developed a plan to respond to the paper.

The first component of the SPRC written policy response is a document entitled "A General Overview of SPRC Policies Which May be Relevant to Social Security Reform". To follow this up, SPRC has prepared this further analysis to examine in more detail the three areas of reform outlined in the Government's Discussion Paper.

There has been much information made available by the Federal Government to promote the "concepts" which have been identified as reforms to enhance and improve the social security system. However, little documentation has been forthcoming in terms of social impacts. Our capacity to respond has been limited by the unavailability of the technical papers which were to be made available. Without information detailing how such reforms might be implemented and at what cost(s) to society, it is difficult to enter into any kind of "meaningful" debate or consultation with government.

We are concerned that the timeline which has been established for consultation with the general public has not accounted for the amount of time it actually takes to analyze, interpret and make recommendations to government for such an important set of reforms. Within the Hamilton-Wentworth community, where such consultation activities are seen as relevant and important prerequisites to any fundamental change in a system, there is a concern that the process of national consultation has been too brief. SPRC would like an opportunity for greater discussion within our community in order to develop a response which is truly community-based.

SPRC believes in the universal design of the Canadian social safety net and would recommend against any reforms which might dismantle these major "building blocks" of society.

Drawing from its philosophy, SPRC believes all people in society should have the opportunity to attain at least an acceptable standard relating to the following:

- a) Supports or opportunities to living and to working within society
- b) Meaningful work and/or employment
- c) Income
- d) Adequate and affordable housing
- e) Health and nutrition
- f) Quality education
- g) Personal safety (at home, in public, on the job)

The SPRC has prepared this response to the Discussion Paper to reflect our view that it is important for individuals and organizations such as ours to deliver policy feedback to government. As much as government is obligated to act responsibly and enact effective social policy reforms, so too, do Canadian citizens bear the responsibility to inform government of their concerns and ideas about changing the social security system. The following SPRC Policy Response Paper is an illustration of that belief.

EXECUTIVE SUMMARY

In October, 1994, the Federal Government released a Discussion Paper on reforming social security in Canada entitled "Agenda: Jobs and Growth". In attempting to promote a new form of dialogue with Canadians, the Government requested that public consultation and response be undertaken in communities across the country.

Members of the Social Planning and Research Council of Hamilton-Wentworth (SPRC) organized to respond to the Discussion Paper. Through contributions of time and effort made by a broad association of SPRC volunteers, SPRC staff and community resource persons, a comprehensive SPRC response paper was created.

In preparing for this policy review, SPRC used its own organizational mission and statement of philosophy. Essentially, the SPRC acts to improve the quality of life for all citizens by engaging in activities which will result in: a) improved social policies and services; b) maximized access for all citizens to the opportunities afforded by society; and, c) effective citizen involvement in the continuing consideration of social issues. This served as a basis for understanding the context of proposed reforms from SPRC's specific, community-based perspective.

In addition, a framework of SPRC principles was used as a basis for inquiry to guide the process. SPRC focused on each of the three areas of social security reform outlined in the Discussion Paper, i.e., "Working", "Learning" and "Security".

Thirty-one SPRC recommendations were developed. Each recommendation corresponds to specific components of reform as outlined in the Discussion Paper.

In addition to specific recommendations, we offer our view about the impacts that will be measured on the Canadian social security system in the future. A principal conclusion was that the Federal Government must continue to play a major role in supporting social policy and programs. This must be done to ensure continued accessibility to supports and equity in programs across the country.

Effective social security reform requires a more clearly defined "vision" on the part of government in determining what outcomes should be achieved over the long term. Reforming social programs has merit. Advocating a progressive model of social security will be of value to Canadians well into the next century.

ACKNOWLEDGEMENTS

The Social Planning and Research Council would like to thank the many individuals, groups and organizations that participated in its work and influenced its thinking. They include:

- * Members of the SPRC Board of Directors, and specifically: Mary Buzzell, Matilde Nunez, Robert Ridge, Sharon Smikle, and Colleen Van Berkel.
- * Members of the SPRC Resource Facilitation Team, and specifically: Carmen Bian, Barrie Boatman, Tom Edge, Evelyn Myrie, Shelley Rempel, and Lee Staats.
- * Additional community resource persons, including: Sandy Darling, Andrea Horwath, Norma LaForme, Andrea Newman, Liz Robinson, and Rhonda Weston.
- * The staff of the SPRC who participated in discussion and dialogue about social security reform and SPRC policy: Doug Angus, Caroline Ball, Paul Benvenuti, Carolyn Cade, Caroline Eyk, Shurl Kocman, Don Jaffray, Mike Pennock and Sally Quider.

SUMMARY OF RECOMMENDATIONS

AREA 1: WORKING

Employment Development Services

1. SPRC supports the need for greater emphasis on individualized counselling and income supports for training. Income supports must ensure that an adequate income is provided for individuals.
2. Alternative employment development initiatives are more effective when offered in conjunction with local economic development plans. Job creation should add meaningful and sustainable jobs to the community.
- 3a. SPRC recommends a central and accessible system of information for clients to identify job opportunities and access these jobs.
- 3b. SPRC recommends that a central information system should list available jobs and track the growth and availability of local economic development projects. This information should be readily available to clients.
- 3c. The primary role for local Canada Employment Centres should remain the collection and provision of useful labour market information to clients. Proposed Local Boards would be principal managers of systems-based planning information in communities. These Boards should share this information with local providers of employment development services.
4. More emphasis needs to be placed on the enhancement of basic skills from the earliest years of life.
5. SPRC recommends that training for employment purposes, after basic life skills or academic/vocational upgrading has been achieved, should be through on-the-job training.
6. SPRC agrees with the concept of providing incentives (for employers) to train. However, such incentives should not just be targeted at training new or short-term employees. Incentives for on-the-job or "continuing education" training should also be provided for existing employees.

7. SPRC supports the need for more incentives to create jobs within existing organizations. A formula which offers training supports by allowing tax reductions to the employer may be one option. Employers would need to demonstrate real training expenditures to qualify.
8. SPRC agrees with the concept of finding new and innovative ways of meeting training needs. More emphasis should be placed on the concept of "flexible workforce" including, for example, more flexible hours of work, full versus part-time work, child care arrangements, work sharing and other supports to employees.
9. The Federal Government still has a role to play in setting standards of service delivery and in holding agencies accountable for these services.
- 10a. SPRC recommends that planning and delivery of employment development services should be done through voluntary, non-profit organizations. These organizations utilize community-based Boards of Directors as a basis for making more constructive and locally relevant decisions about resource allocations.
- 10b. There should also be an expanded role for consumers of these services in any planning process or in the development of reform or change.
11. SPRC recommends that the current Federal and Provincial partnership in the development and delivery of programs and services should continue and be improved by moving to a "single window" delivery model. All existing employment development services or programs (at all levels of funding and jurisdiction) could be accessed at one centralized point.

Unemployment Insurance

- 12a. SPRC recommends replacing the Unemployment Insurance program, with a guaranteed annual income program. Such a model would integrate all existing income maintenance and security programs and benefit levels. The guaranteed income should be based on income adequacy guidelines and tied to the Consumer Price Index. Revenues for such a guaranteed annual income program should be drawn from general tax revenues.

- 12b. SPRC also recommends that the Federal Government re-examine its current position on the issue of guaranteed annual income.
- 13. SPRC recommends that providing the same or greater supports to first time UI claimants would represent a more effective and "preventative" approach to dealing with unemployment and its effects.

Financing Employment Development Services and Unemployment Insurance

- 14. SPRC continues to recommend that a unified social security system should be funded through general revenues from both the Federal and Provincial levels of government.
- 15. SPRC opposes increases in UI premiums because it sees the "flat tax" nature of these revenues as violating any commitment on the part of government to progressive taxation.
- 16. SPRC accepts the idea of reduced premiums for employers, provided that such an incentive can ensure that minimal standards for training will be achieved by these employers.

Supports to Families

- 17. SPRC has traditionally recommended growth in subsidies to families to ensure that quality child care is accessible and affordable to all.

AREA 2: LIFELONG LEARNING

Cash Transfers

- 18. SPRC supports the proposal to replace cash transfers with an expanded loans and grants program, provided an understanding is reached with the provinces and post-secondary institutions that student fees will not increase significantly. This may require that the federal Government contribute some cash each year until all transfers are through tax points.

Canada Student Loan Program

19. SPRC accepts the principle of income contingent loans within a framework that recognizes the following:

People with lower incomes will repay over a longer period. Consideration should, therefore, be given to a lower interest rate for these individuals than for those who can repay quickly. This would give recognition to the fact that repayments over longer periods lead to higher absolute costs.

The present student loans and grants program should be integrated with the proposed new program. It should be managed by the private sector under guidelines from government.

Using the tax system and source deduction is an acceptable means for those who wish to adopt this approach. However, it should not be mandatory.

Repayment of loans should be rigorously enforced, with provisions made for those who encounter economic hardship to make such repayments.

20. With regard to universal access to student loans and grants, SPRC supports the proposal to expand loan coverage to those in the workplace and the unemployed.
21. The SPRC supports the concept of using RRSP's, or a similar vehicle, to allow Canadians to save for education and training. It also recommends that any RRSP type of plan should not allow for increases in the permitted contribution levels to such programs, but that current (or subsequently reduced) levels be maintained.

Working with the Provinces

- 22a. SPRC is generally supportive of a continued strong relationship between the Federal and Provincial levels of government in the support of lifelong learning. However, it also firmly believes that communities, in concert with all levels of government, should take a lead role in developing a lifelong learning culture.

- 22b. The SPRC welcomes the establishment of local organizations to foster lifelong learning, provided that these are free from political interference. Membership would be determined by each community according to its needs and circumstances. Guidelines and assistance would come from the Federal and Provincial governments based on common agreement.

AREA 3: INCOME SECURITY

Canada Assistance Plan

23. SPRC has not historically supported "workfare" (working for welfare) initiatives. It will review with interest the initiatives undertaken in various parts of the country on this topic.
24. SPRC recommends the development of an integrated national income security program to replace the current federal, provincial and municipal mix of programs. In addition, SPRC believes that benefit levels should be based on need, rather than upon the category of recipient. A universal guaranteed annual income would support the reduction of economic inequities between individuals and regions in the country.
25. SPRC recommends replacing the current CAP system, based on cost-sharing, with a new block fund for social assistance and social services. However, such a block fund should be conditional based on agreed national principles or objectives, to minimize the variation in social assistance available across the country.
26. SPRC supports the position that parents who wish to join the workforce should have disincentives removed and affordable, quality child care should be made accessible to them.
27. A strengthened federal Child Tax Benefit should not be subsidized from general welfare.
28. Notwithstanding the creation of a guaranteed annual income model, SPRC recommends the creation of a working income supplement. This may provide more incentive for those on social assistance or Unemployment Insurance to find employment.
29. SPRC agrees that expanded funding, firstly, to increase the number of spaces, and secondly, to augment the quality of care among approved providers, is essential.

30. SPRC recommends the improvement of child support systems as a method of addressing child poverty.
31. SPRC advocates for the extension of existing programs to special groups, such as persons with disabilities. This should be done through enhancing the supports and choices for these persons to move independently from home, work and social activities. Individuals with a disability should have the choice to access either specialized services and/or generically available services in their own communities.

INTRODUCTION

As an independent voice in the community, the Social Planning and Research Council of Hamilton-Wentworth (SPRC) acts to improve the quality of life for all citizens by engaging in activities which will result in: a) improved social policies and services; b) maximized access for all citizens to the opportunities afforded by society; and, c) effective citizen involvement in the continuing consideration of social issues.

The mission of the SPRC is directly related to the fundamental belief of the voluntary sector - that communities have the capacity and the responsibility to identify opportunities to improve their quality of life and to identify and resolve problems that diminish that quality of life among their citizens. Implicit within this belief, is the commitment that all citizens should have the opportunity to participate equally in this process.

It is important that any Social Planning and Research Council response to the Federal Discussion Paper on Social Security Reform is relevant to both its philosophy and mission. It is also important to view reform within a framework of "guiding principles" which help in understanding the context from which SPRC has made specific recommendations.

Principles Guiding SPRC in its Response

A number of principles relating to social security find their roots within both the Mission Statement and Statement of Philosophy of the Social Planning and Research Council. They are relevant to the discussion of Social Security Reform as it affects change in the community of Hamilton-Wentworth:

- 1) SPRC recognizes the need to review these reforms in a broader context, including: economic, social and taxation reform.
- 2) There is a mutual responsibility between the state and its citizens to participate in and fulfil certain obligations to society.

- 3) Participation (in any aspect of society) should, whenever possible, be voluntary in nature and provide individuals with choices which would be of most benefit in their lives.
- 4) SPRC believes in the universal design of the Canadian social safety net and would recommend against any reforms which might dismantle these "major building blocks" of society.
- 5) All people in society should have the opportunity to attain at least an acceptable standard relating to the following:
 - a) Supports to living and to working within society
 - b) Meaningful work and/or employment
 - c) Income
 - d) Adequate and affordable housing
 - e) Health and nutrition
 - f) Quality education
 - g) Personal safety (at, in public, on the job)

Work

- 6) The concept of "work" implies a level of productivity which can be either paid or unpaid but which is nonetheless a productive undertaking on the part of an individual, group or organization.
- 7) An effective and productive workforce is one in which there is flexibility and adequate supports in place which do not penalize employers or employees in opting for such work arrangements.
- 8) Human resource policies that promote greater flexibility in the workplace and recognize the demands made on working people (e.g., caring for older people and children) benefits the health and well-being of working people and their dependents.

- 9) An important prerequisite to the acquisition of work or employment-related skills is the initial development of basic life skills (e.g., daily life management and planning, the ability to read and write, numeracy, etc.)

Lifelong Learning

- 10) All segments of society, including levels of government, must play a role in ensuring that lifelong learning is recognized as a necessary cultural norm in today's society.
- 11) Lifelong learning supports persons to:
 - a) have access to appropriate education and training;
 - b) follow a pathway of learning with effective transition from one stage of learning (or life) to the next;
 - c) understand the need to learn continuously;
 - d) understand how to learn in the best way for them at various stages in life.

Security

- 12) All people deserve at least a minimum and adequate source of income.
- 13) The reduction of poverty, especially as it relates to children in our society, must remain a priority in any effective social policy or structural reform.
- 14) Quality, affordable child care which meets at least minimum standards of delivery should be accessible to every person in society.
- 15) Society must recognize how important it is for people to gain a sense of control and to have freedom to make decisions affecting their own lives. Equally, people have a responsibility to provide for themselves and their dependents. Society's obligation should be to create an environment where this is possible.

Developing a Framework for Analysis

This response paper will focus specifically on each of the three key areas of social security reform outlined in the Federal Discussion Paper, "Agenda: Jobs and Growth, Improving Social Security in Canada". These include the following:

1. "Working" - Employment Development Services and Unemployment Insurance
2. "Learning" - Lifelong learning, cash transfers to the provinces, the Canada Student Loan Program, universal access to post secondary education and the Federal-Provincial mechanisms which relate to these issues.
3. "Security" - Canada Assistance Plan

SPRC positions and recommendations regarding specific aspects of reform have been integrated throughout the document.

Area 1: Working

EMPLOYMENT DEVELOPMENT SERVICES AND UNEMPLOYMENT INSURANCE

Employment Development Services

SPRC has a long history of supporting job creation programs or strategies which reflect the demands of the local labour market. Programs and services must account for variation in community need and must be responsive to supporting individuals and families in finding meaningful and acceptable levels of employment within that community.

1. Enhanced Needs Assessment and Counselling

The Federal Discussion Paper proposes an increase in supports to one-on-one employment counselling, an increase in the variety of income supports available to individuals and an increase in support for special employment development initiatives. **SPRC supports the need for greater emphasis on individualized counselling and income supports to those seeking training. Such income supports must ensure that an adequate income for individuals is maintained.**

In terms of special employment development initiatives, SPRC believes there is a strong link between employment development and economic development. **Special or alternative employment development initiatives require a clear linkage with local economic development which promotes employment through creation of meaningful and sustainable jobs.**

2. Labour Market Information

The proposed reforms envision a more enhanced and effective system of labour market information available to job seekers in the community. **SPRC recommends that there be central and accessible systems of information which assist more directly different clients in identifying job opportunities and accessing these jobs.**

In addition, there is a need to more effectively match the skills of employable persons with real jobs available on the open labour market. **Thus, SPRC recommends a centrally accessible information system with information about the availability of jobs and local economic development projects. This type of information must also be delivered through a variety of client-selected options (e.g. requesting in-person counselling, access by personal computer to an employment services centre, and by telephone).**

The primary role for local Canada Employment Centres should remain the collection and provision to clients of labour market information about work in the local community (e.g. The Region of Hamilton-Wentworth). Proposed Local Boards would then become managers of systems-based planning in communities and must strive to share this information more effectively with providers of employment development services.

3. Enhancing Basic Skills

Development of basic skills for day-to-day living is an important prerequisite to any other skill development relating to paid or unpaid work. This includes skills such as literacy, numeracy, life skills and personal long-term planning. Funders of skill development programs must provide for this aspect of job readiness. **More emphasis needs to be placed on the enhancement of basic skills from the earliest years of life.** This promotes a preventative model of service to prepare people for life and work.

4. Institutional and Workplace Training

The Federal Government proposes a stronger link between institutional or classroom training and on-the-job training of individuals. SPRC agrees in principle that traditional classroom settings are the best for academic upgrading or vocational training. **However, once prerequisite skills or academic levels have been achieved, SPRC recommends that the most effective means of training for employment purposes is in an on-the-job setting.** A stronger emphasis on the part of government in providing financial and income supplement supports to such training opportunities is important and would enhance the potential for job creation. This is especially useful when combined with other incentives for employers.

5. Incentives for Employers to Train

It has been proposed that more incentives should be created in the system for employers to train employees. **SPRC agrees with the concept of providing incentives to train, however, it is important to emphasize that such incentives should not only be targeted at training new employees. It is also important for employers to provide on-the-job or "continuing education" training for existing employees in response to changes in modes of production.**

In addition to providing incentives to train, **SPRC supports the need for more incentives to create jobs within existing organizations. Through the development of special training taxes, offset by an organization's actual training expenditures, such incentives could be created. Adherence to minimum training standards on the part of the employer would determine whether or not an employer could be eligible for such a tax break.**

6. Innovative Approaches to Employment

Reform to employment development services should identify new and innovative ways of meeting the training and development needs of individual communities. **SPRC agrees with this concept. More emphasis should be placed on finding innovative approaches within a broader context of a "flexible workforce".** There is now more than one traditional model for work. Hourly expectations, salaries and wages, and full versus part-time work arrangements have changed and re-shaped the way work is done. Training and job creation programs need to reflect these changes and accommodate a greater cross-section of employable persons.

Other supports in the employment development system should be reviewed and adapted to meet the needs of the new flexible workforce. These supports include: accessibility to quality child care, maternity benefits and sick leave benefits.

7. Management and Delivery of Service

In keeping with current thinking on the part of many governments to transfer control over the delivery of services to the level of local communities, the Federal Discussion Paper proposes a decreased need for

bureaucracy in the system of employment development services. These services should be decentralized and should work to develop partnerships with other community stakeholders. SPRC has promoted this move to locally-accountable and accessible service delivery in its own paper titled "Future Directions for Community Planning in Hamilton-Wentworth". Although control over management at the local level is critical to effective delivery of service, **SPRC contends that the Federal Government still has a role to play in setting standards of service delivery and in holding local agencies accountable for these services.**

8. Planning and Development within Services

SPRC recommends that the planning and delivery of employment development services should be done through voluntary, non-profit organizations. These organizations utilize community-based and community-sensitive Boards of Directors as a basis for making more locally relevant decisions about how resources are allocated to specific programs.

There should also be an expanded role for consumers of these services in any planning process or in the development of any related reforms.

Much of the local planning and development for employment services will be initiated through proposed Local Boards. It is important that this new organization within the community works effectively with local providers of employment development services to ensure that services are reaching consumers and impacting directly on their employment skills and employment opportunities.

9. Improved Access to Employment Development Services

SPRC recommends that the current Federal and Provincial partnership in the development and delivery of programs and services should continue and move to a "single window" delivery model. This model would, theoretically, move all existing employment development services or programs (at all levels of funding) under one centralized access point.

A further question still remains. That is, what role will our local community play in such a transition? More specific elaboration on this role must come forward from local government. **The SPRC believes**

strongly in the role of local communities. We recommend that pilot projects be established quickly to determine which model(s) of a "single window" approach would be most appropriate for specific communities like the Region of Hamilton-Wentworth.

Unemployment Insurance

SPRC recommends replacing the Unemployment Insurance program, as paid for through a payroll tax system, with a guaranteed annual income. Such a model would integrate all existing income maintenance and security programs and benefit levels. The guaranteed annual income should be based on income adequacy guidelines and tied to the Consumer Price Index. Revenues for such a guaranteed annual income program should be drawn from general tax revenues.

While SPRC has adopted as a policy the concept of guaranteed income, the Federal Discussion Paper contends that such a program would not be feasible at this point in time. **SPRC recommends that the government should re-examine its current position on this issue.**

What the Federal Government is proposing is two new ways of delivering the existing Unemployment Insurance program: creating what it calls Employment Insurance or adjusting the existing UI system.

1. Employment Insurance

This two-tiered system would incorporate a Basic and Adjustment level of insurance claim. The Basic level program would be similar to the current system and relate to individuals using the system infrequently. More frequent claimants, i.e. those claiming 3 or more times in a 5 year period, would only be eligible for an "adjusted amount" or level of benefits. However, these frequent claimants would likely receive a greater level of employment development counselling or other services.

Under this two-tiered system, certain conditions may apply regarding eligibility to receive an income supplement. Individuals may be required to participate in programs in order to make themselves "more employable". SPRC believes that such a system would be regressive and lacking in a number of ways.

The determination of "occasional" versus "frequent" claimant will be difficult to determine in light of the changing workforce and workplace requirements. Determining how seasonal or contract employees might figure into such a scheme will present the government with a challenge.

The concept of placing greater emphasis on training and employment development services for "frequent users" should not be done without consideration of what is an "occasional" claimant. It seems to only continue or reinforce the environment in which many training program incentives are created - services arrive altogether too late as a way of preventing frequent use of the Unemployment Insurance system.

SPRC recommends that providing the same or greater supports to first time claimants would offer a more effective and "preventative" approach to dealing with unemployment and its effects when it first happens to an individual.

Another concern with the two-tiered approach is that certain conditions may apply re: eligibility for income supplements. This implies that participation in training programs may be mandatory. SPRC believes that individuals should have the opportunity to enhance their employment skills but believes that these opportunities should be voluntary.

2. Adjust the Existing UI Program

This would re-shape the existing program to be more in line with the government's plan for fiscal deficit reduction. It would make it more difficult for claimants to access benefits. Adjustments could take the form of reduced benefits or reducing the duration for which claimants would receive benefits. It could also mean an increase in the number of required weeks of employment needed by an individual in order to qualify. These changes would not represent any significant structural change in the overall look of the Unemployment Insurance program.

SPRC is concerned that such adjustment to the existing program would also effect other UI benefits, including parental and sick leave. If program adjustments are also being targeted for these components of the program, then the impact of these changes could be negative. This would be especially true for those who are already disadvantaged in our society - for example, persons with disabilities, single female parents, and families with low incomes.

It is important to recognize that anytime the Unemployment Insurance program is changed or altered, there is usually a corresponding impact on the costs which must be picked up locally through General Welfare and Family Benefits programs.

Financing Employment Development Services and Unemployment Insurance

Currently, UI claimants' services are paid out of a UI Developmental Uses Fund. Services for those not on UI are paid out of the government's Consolidated Revenue Fund. **SPRC's position is that a unified social security system should be funded through general revenues from both the Federal and Provincial levels of government.**

The Federal Government agrees that there is merit to any reform which would reduce payroll tax premiums. However, it does not commit itself to reforms which would remove such a payroll tax from generating revenues to support UI. **SPRC opposes increases in UI premiums because it sees the "flat tax" nature of these revenues as violating any commitment on the part of government to progressive taxation.**

One of three options for changes in financing UI suggests the creation of an "experience rating" formula for the determination of premiums to individuals. This is currently in place within the private insurance industry. This user-pay approach identifies the frequency of claims as a way of determining the amount of premium one must pay to use the insurance program. This option seems contradictory when it is likely that "frequent users" will have less overall personal income to pay for their premiums. More studies must be done to determine how this might affect individuals who are employed seasonally.

In addition to changes in claimants' eligibility, there may be reduced premiums for employers who support training development. **SPRC accepts the idea of reduced premiums for employers, provided that such an incentive can ensure that minimal training standards can be achieved by these employers.**

Supports to Families

The Federal Government will commit \$720 million over the next 3 years to supporting the provinces, with a view to expanding the availability of child care across Canada. Since the design and delivery of child care and social services are provincial responsibilities, the Federal Government will need to agree with the provinces as to how this money can be best spent - new spaces, affordability issues, special needs care, and workplace child care could serve as a starting point for expansion. **SPRC has traditionally recommended an increase in subsidies to families to ensure that quality child care is accessible and affordable to all.**

Area 2: Lifelong Learning

CASH TRANSFERS, CANADA STUDENT LOAN PROGRAM AND WORKING WITH THE PROVINCES

Given the profound changes taking place in the world economy as society moves into the "Information Age", the Federal Discussion Paper does not deal adequately with the topic of lifelong learning. It does not elaborate on ramifications for Canada if a true lifelong learning culture were to be developed. The paper, in fact, covers a very limited set of issues with suggestions related to:

- 1) Replacement of (declining) cash transfers to provinces under the Post Secondary Education (PSE) program with a system of expanded student loans and restructured grants to individuals.
- 2) The introduction of income contingent repayment of loans.
- 3) Expanding the loan system to include those in the workplace.
- 4) Increasing flexibility in the Registered Retirement Savings Plans (RRSP's) to encourage personal saving for learning.
- 5) Working with the provinces to support innovations in lifelong learning.

Cash Transfers

The provinces are responsible for education. The Federal Government has, however, made funds available to the provinces to help finance higher education under the Established Programs Financing approach. This support has been through tax points transferred to provinces and cash transfers. Over time, the cash transfers have diminished as provinces increased tax point revenues. This trend will continue until all revenue is derived from tax points, in about ten years time. The overall transfer amounts from the Federal Government have been frozen at 1993-94 levels beginning in 1996-97.

The above factors exist today. They are not part of social security reform. In essence, the provinces will, over time, obtain revenue for post secondary education from tax revenues. It will be up to each province to decide how much should be spent on such education.

The proposal in the Federal Discussion Paper is whether or not the continuing cash transfers should be replaced by an expanded student loans and grants program. It is claimed that this will ensure access to learning for all Canadians who wish to participate.

Opponents of this proposal claim that post secondary fees will increase significantly and make it difficult, or impossible, for many to afford higher learning.

In reality many scenarios could emerge. It is true that if all the burden of reduced cash transfers is absorbed by students through increased tuition costs, then fees would probably double. This is not necessarily the outcome since provinces may determine to make funds available out of general revenues. In addition, colleges and universities could offset budget constraints through greater efficiencies and fund raising.

SPRC supports the proposal to replace cash transfers with an expanded loans and grants program. This is provided an understanding is reached with the provinces and post secondary institutions which recommends that student fees will not increase significantly. This may require that the Federal Government contribute some cash each year until all transfers are through tax points.

SPRC believes that the question of grants for those individuals with a lower or fixed income is inadequately addressed in the Federal Discussion Paper. It should be addressed through discussions with all the partners involved in this aspect of reform.

The paper does not review the issue of the impact of such reforms on university research and development programs if cut-backs are made. It is believed that Canada must maintain, or even enhance, its research capabilities in this modern economy. This requires that considerable community consultation be undertaken on this issue.

Canada Student Loan Program

Income contingent loan repayment, use of Registered Retirement Savings Plans and universal access to loan coverage are all new issues to be discussed regarding changes to the existing Canada Student Loan Program.

1. Income Contingent Loans

The income contingent repayment plan approach would seem to be a reasonable and effective one provided that it is designed properly. The design will need to involve interested partners to ensure fairness and equity.

SPRC accepts the principle of income contingent loans within a framework which is constructive and fair. There are a number of observations which can also be made in the form of recommendations:

People with lower incomes will repay over a longer period. Consideration should, therefore, be given to a lower interest rate for these individuals than for those who can repay quickly. This would give recognition to the fact that repayments over long periods lead to higher absolute costs.

The present student loans and grants program should be integrated with the proposed new program. It should be managed by the private sector under guidelines from government.

Using the tax system and source deduction is an acceptable means for those who wish to adopt this approach. However, it should not be mandatory.

Repayment of loans should be rigorously enforced, with provisions made for those who encounter real economic hardship.

2. Universal Access

Lifelong learning is the recognition that people will need to continuously upgrade their knowledge and learn new skills. It affects all people and individuals at various levels of education. Student loans have typically been available for post secondary education only.

The SPRC supports the proposal to expand loan coverage to those in the workplace and unemployed.

This topic of access to training is only one part of a much bigger issue. The bigger issue is to organize our society such that we develop a superior workforce properly able to meet the challenges of a modern economy. This will involve all levels of government and all parts of society working together to build a learning culture.

Learning should be available and accessible to all in our society. The SPRC, therefore, supports universal access to learning opportunities. Careful planning will need to take place such that all partners share the responsibility. Employers, for example, must not come to rely on loans to individuals to fund training. This is one reason why a comprehensive country-wide plan for lifelong learning is necessary.

3. Registered Retirement Savings Plans

The SPRC supports the concept of using RRSP's, or a similar vehicle to allow Canadians to save for education and training. The Federal Discussion Paper is not clear whether RRSP's per se would be used or whether a new type of vehicle would be preferable, e.g. a Registered Education Savings Plan.

The social reform proposals are given with the background of deficit reduction and in its consideration of the RRSP proposal, the SPRC recognizes that any RRSP type of plan will reduce government revenues through deferred or foregone taxes. **The SPRC, therefore, recommends that any RRSP type of plan should not allow for increases in the permitted contribution levels to such programs but that current (or subsequently reduced) levels be maintained.**

Working with the Provinces

The Federal Discussion Paper identifies four areas which the Federal Government feels are possible priorities in working with provinces to promote lifelong learning. These are:

- 1) The school-to-work transition
- 2) Making learning more portable
- 3) Learning and new technology
- 4) International educational opportunities

These areas are worthy of attention but are only elements in what should be a much broader review of what a lifelong learning culture really involves. The importance of the pre-school years, for example, is not addressed and this is the time when many learning patterns are established. Connected with this, of course, are the impacts of poverty on children and family abuse.

The federal proposal mentions the provinces but does not mention the other interested partners in the debate. This is a weakness and certainly all partners will need to be involved if a true lifelong learning culture is to be developed.

Lifelong Learning Culture

The SPRC believes that communities should be deeply involved in creating and supporting a lifelong learning culture. It should be recognized that this will involve all segments of society and at all age levels.

The community of Hamilton-Wentworth believes strongly in lifelong learning and has developed various initiatives related to it. The community believes that the development of a superior workforce is a priority for the Region and that human resource development activities should be geared to local economic development initiatives. These views are expressed in at least three community studies:

- * Vision 2020
- * Putting Hamilton-Wentworth to Work: A Call to Action
- * The Renaissance Project

An ad hoc community group has been meeting on a regular basis over the past two years to determine how it might foster the lifelong learning concept. It is defined as:

"...A way of life; one where individuals continually engage in a self-directed process of formal and informal learning so that they can adapt to change and lead fulfilling lives."

SPRC is generally supportive of the views contained in the community studies mentioned above and firmly believes that communities, in concert with all levels of government, should take a lead role in developing a lifelong learning culture.

The SPRC welcomes the establishment of local organizations to foster lifelong learning, provided that these are free from political interference. Membership would be determined by each community according to its needs and circumstances. Guidelines and assistance would come from the federal and provincial governments based on common agreement.

Area 3: Income Security

Canada Assistance Plan (CAP)

The goals for reform of CAP state that a starting point for reform might be to make its provisions "more flexible and supportive of the kinds of initiatives provinces would like to take to reduce disincentives to work" ("Improving Social Security in Canada", pg. 74). This could be perceived positively as it may allow mechanisms for social assistance recipients who do take low-wage jobs to keep their drug, dental or disability-related benefits. However, the paper interprets flexibility differently when it states "provinces would have considerably more flexibility to design their welfare systems according to their own priorities and needs" (pg. 76). This may mean that provinces could expand experiments such as "workfare", which instructs social assistance recipients to work for their benefits.

While SPRC has not historically supported "workfare" initiatives, it will review with interest the initiatives undertaken in various parts of the country on this topic.

1. Universal Guaranteed Annual Income

SPRC recommends the development of an integrated national income security program to replace the current federal, provincial and municipal mix of programs. In addition, SPRC believes that benefit levels should be based on need, rather than upon the category of recipient. A universal guaranteed annual income would support the reduction of economic inequities between individuals and regions in the country.

Social policy has a major impact on the health and life expectancy of Canadians. Lessons learned from other developed nations, such as Scandinavian countries, have shown overall higher life expectancy in developed countries with a narrow range between lowest and highest income groups than in countries with a wider gap. Evidence shows that when socio-economic differences are narrowed, population health status improves.

The SPRC believes that the provision of a guaranteed annual income would negate any need for the many programs and bureaucracies. This simplification would help offset costs associated with such a program.

2. Block Funding

SPRC recommends replacing the current CAP system based on cost-sharing, with a new block fund for social assistance and social services. However, such a block fund should be conditional based on agreed national principles or objectives, to minimize the variation in social assistance available across the country. It is important that the Federal Government continue to play a major role in social policy, in order to ensure that there is continued accessibility and fairness across the country.

3. Re-Directing Funding to New Priorities

Job creation and reduction of child poverty are laudable goals for this reform. We know that "unemployment...is associated with deteriorating physical and mental health" and that "high levels of unemployment....have adverse effects on the physical health not only of the unemployed but also of their families and the community in general" (source: Ontario Premier's Council, Determinants of Health, 1993).

New jobs need to be sustainable with decent wages, benefits and working conditions to avoid a downward spiral into greater poverty. Unemployed workers today are competing in a new work world characterized by a few highly paid and many low paid temporary and contract jobs. Companies are altering their work force policies, hiring more part-time and contract employees for whom they do not need to pay benefits.

a) Better income support for low income families with children

SPRC supports the position that parents who wish to join the workforce should have disincentives removed and affordable, quality child care should be made accessible to them.

A strengthened federal Child Tax Benefit should not be subsidized from general welfare. Child poverty is family poverty, and unless the child benefit is accompanied by higher minimum wages, this targeted benefit would subsidize employers. There is less pressure to raise minimum wage when government programs are introduced to take care of children's needs.

b) Working income supplement

Notwithstanding the creation of a guaranteed annual income model, SPRC recommends the creation of a working income supplement as it may provide an incentive for those on Social Assistance or Unemployment Insurance to find employment. The best anti-poverty strategy for children is to have at least one adult in the family working in an adequately paid job. There is recognition that meaningful employment contributes to self esteem, and self-worth which translates into a societal benefit of lower rates of violence, abuse and crime. However, emphasis must also be focused on the labour market, and not just on strategies targeting individuals. Multiple approaches to quality employment opportunities should be considered.

c) Child care and child development

SPRC agrees that expanded funding, firstly, to increase the number of spaces and secondly, to augment the quality of care among approved providers, is essential. Human resource policies that promote greater flexibility in the workplace and recognize the demands made on working people - especially the demands of caring for older people and children - will benefit the health and well-being of working people and their dependents.

d) Child support

SPRC recommends the improvement of child support systems, as a method of addressing child poverty.

e) Employment development services for social assistance recipients

In the Province of Ontario, the Premier's Council has also stressed the importance of investing in people by promoting training. Research on work and employment underscores how important it is for people to gain a sense of control and to have the freedom to make decisions affecting their own lives.

f) Greater independence for persons with disabilities

SPRC advocates for the extension of existing programs to special groups, such as disabled persons, through enhancing the supports and choices for persons with disabilities to move independently from home, work and social activities. There is strong endorsement for ending the categorization of persons with disabilities as "unemployable" for purposes of providing support. Individuals with a disability should have the choice to access either specialized services and programs and/or generic services and programs.

g) Continuing support for social services

It is vital to protect the funding for services for seniors and health related spending.

CONCLUSION

SPRC is concerned that the current Discussion Paper on social security reform is not specific enough in its determination of how such reforms will impact on the social security system and local communities such as the Region of Hamilton-Wentworth. It does not address the social impacts of these reforms. In trying to meet fiscal targets, social indicators, such as poverty rates, distribution of income, child health, school drop-out rates and juvenile crime statistics will be affected. These impacts reflect economic and non-economic decisions by government.

Not enough specific and technical information has been provided. Therefore, it is difficult to really know how these reforms will have any significant structural impact on the system.

Because of this vagueness and inattention to describing reforms in greater technical depth, it appears that many of the proposed reforms represent only "tinkering" within the current system. Creating, for the most part, program changes and calling them "reforms" does not adequately respond to the needs of a social security system which has been an historical cornerstone of Canadian society. A system which affects the lives of so many individuals deserves more than topical change.

SPRC recognizes that, at the same time the government is looking to reform the social safety net, it has also committed itself to a program of federal deficit reduction. It is the belief of the SPRC that these two distinct needs should not be seen as interdependent. We are sensitive to the requirement that governments at all levels must find new ways to decrease fiscal debt loads and increase revenue generation. We believe that cost reduction through cuts to federal social programs will have only minimal and short term impacts on the federal deficit.

The deficit must be reduced such that future generations of Canadians are not disadvantaged by high debt levels. It is accepted that all government programs must be reviewed. Canadians must set their priorities in determining where fiscal cuts should be made. In considering cuts to programs, every one should be examined to see how greater efficiency and effectiveness can be achieved. In this way, service levels can be maintained or enhanced at the same or lower costs.

SPRC is opposed to any fiscal or cost-reducing agenda which would undermine the universality or effectiveness of social programs in this country. Through its support of a guaranteed annual income,

accessible to all Canadians, SPRC believes that cost savings in social spending could be maximized. The resulting streamlining of the system would more effectively and efficiently provide an opportunity for supportive social programs to remain in place. The "cost benefits" would be more positive, long term economic and social impacts.

Social security programs are required to assist people who, for good reason, cannot support themselves and their dependents. The vast majority of people do not want to be supported by society. They would prefer to have jobs which provide an adequate level of income.

The focus of government should, in our view, be on developing an environment which is conducive to enterprise and job creation. With more jobs, the deficit could be more easily reduced since more taxes would be paid and less expenditures would be needed on social security programs. We feel that the government should specifically address this issue of economic development and job creation as an urgent national priority.

Effective reform, at any level of system development, first requires a clear "vision" of where that system should be headed. This has not been articulated by the Federal Government. Is the government truly committed to structural reforms which will fundamentally make the Canadian social security system better? Or, are these reforms more indicative of a diminishing role the government will play in affecting social policy in Canada?

SPRC believes the Federal Government should continue to play a major role in social policy to ensure continued accessibility and fairness across the country. If the government is intent on creating effective structural change, then it must begin to advocate for more progressive models of social reform.

SPRC advocates that the cost benefits which underlie these proposed reforms to social security have demonstrated long term social and economic impacts with a view to supporting all Canadians as productive and responsible citizens.

In summarizing its analysis of the reforms recommended in the Discussion Paper, the SPRC believes there remain important questions which must still be addressed through meaningful community consultation:

First, how truly "structural" are these proposed reforms? Do they represent really substantive change or are they merely signs of "tinkering" with the system on the part of the government? Will they fundamentally change how social security is defined and supported in this country?

What impact(s) would such reforms have on our local community and the individuals who live and/or work here? How equitable are these reforms to all individuals in society and who will benefit most or least?

Finally, what "structural change" has not been identified in the Discussion Paper but which is considered relevant and important by the SPRC?

The Social Planning and Research Council recommends that the Federal Government extend its consultation activities beyond their current scope to ensure Canadians that the above questions can be answered to their satisfaction.

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